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INTERSTATE COMMERCE COMMISSION

Counterpart No. 6

EQUIPMENT LEASE AGREEMENT
AMENDMENT AND SUPPLEMENT NO. 1

Dated as of April 1, 1986

between

THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee Lessor

and

HOOSIER ENERGY RURAL ELECTRIC COOPERATIVE, INC.,
Lessee

Filed and recorded with the
Interstate Commerce Commission
pursuant to 49 U.S.C. §11303 on
_____, 1986 at _____,
recordation number _____.

EQUIPMENT LEASE AGREEMENT AMENDMENT AND SUPPLEMENT NO. 1

This EQUIPMENT LEASE AGREEMENT AMENDMENT AND SUPPLEMENT NO. 1, dated as of April 1, 1986, between THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association, as trustee under the Trust Agreement dated January 1, 1981 (the "Trust Agreement"), between the Owner named therein and said trustee and known as HOOSIER ENERGY TRUST NO. 81-1 (herein, in its capacity as such trustee, being called "Lessor") and HOOSIER ENERGY RURAL ELECTRIC COOPERATIVE, INC., an Indiana corporation ("Lessee").

WHEREAS, Lessor, Lessee, New England Merchants Leasing Corporation B-7 (the "Owner"), Merchants National Bank & Trust Company of Indianapolis (the "Lender"), the Louisville Bank for Cooperatives (the "Permanent Lender") and Merchants National Bank & Trust Company of Indianapolis (the "Security Trustee") are parties to a Participation Agreement (the "Subsequent Participation Agreement") dated as of April 1, 1986 relating to the leveraged lease financing of certain gondola coal railroad cars which are leased to Lessee by Lessor under that certain Equipment Lease Agreement dated as of January 1, 1981 (herein, as the same has been or may be amended, modified or supplemented in accordance with the provisions thereof, called the Lease and the terms defined therein being hereinafter used with the same meaning) which Lease was recorded with the Interstate Commerce Commission pursuant to 49 U.S.C. §11303 on January 27, 1981, at 9:45 a.m., recordation number 12810-A;

WHEREAS, as contemplated in the leveraged lease financing and as requested by the Lessee, the Subsequent Participation Agreement provides for certain Floating Rate Notes issued by Lessor and held by Lender to be retired and replaced by a Replacement Note to be issued by Lessor and purchased by Permanent Lender; and

WHEREAS, in connection with such refinancing and in order to induce Permanent Lender to purchase the Replacement Note, Lessor and Lessee desire to amend and supplement the Lease in certain respects;

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, Lessor and Lessee hereby agree as follows:

1. Section 1, "Definitions", of the Lease is amended as follows:

By substituting for definitions set forth in the Lease, the following:

"Investor" means, in respect of things or matters occurring prior to the Closing Date, each of the Owner and the Lender and "Investors" means the Owner and the Lender collectively, and "Investor" means, in respect of things or matters occurring on or after the Closing Date, each of the Owner and the Permanent Lender and "Investors" means the Owner and the Permanent Lender collectively.

"Stipulated Loss Value" of any Item of Equipment as of any Lease Payment Date during the Term means the sum of an amount determined by multiplying the Equipment Cost of such Item of Equipment by the percentage applicable to such Item of Equipment as specified in Schedule B hereto opposite the Lease Payment Date on which the payment occurs plus if the payment occurs after the Closing Date, an amount equal to all premium, penalty and other charges imposed in connection with any prepayment of the Notes. "Stipulated Loss Value" of the Equipment as of any date

means the sum of the Stipulated Loss Values of all Items of Equipment as of such date.

"Termination Value" of any Item of Equipment as of any Lease Payment Date during the Term means the sum of an amount determined by multiplying the Equipment Cost of such Item of Equipment by the percentage applicable to such Item of Equipment as specified in Schedule B hereto opposite the Lease Period in which such Lease Payment Date occurs plus if the payment occurs after the Closing Date, an amount equal to all premium and penalty and other charges imposed in connection with any prepayment of the Notes. "Termination Value" of the Equipment as of any date means the sum of the Termination Values of all Items of Equipment as of such date.

By adding thereto the following:

"Closing Date" means the Closing Date set forth in the Subsequent Participation Agreement.

"Subsequent Participation Agreement" means the Participation Agreement dated as of April 1, 1986 among the Lessor, the Lessee, the Owner, the Lender, the Permanent Lender and the Security Trustee.

2. Section 3, "Rent; Rent Differential; Special Rent; Supplemental Payments; Adjustment; Fees and Expenses; Method of Payment," of the Lease is amended and supplemented as follows:

A. Section 3(b), "Basic Rent, is amended and supplemented by adding the following two sentences at the end thereof:

"In the case of the Basic Rent payable October 1, 1986, an amount equal to the interest accrued on the Notes for the period April 1, 1986 to the Closing Date shall be paid on the Closing Date as an advance portion of the Basic Rent payable October 1, 1986. The Basic Rent payable October 1, 1986 shall be reduced by the amount of such payment.

B. The last sentence of Section 3(g), "Limitation on Adjustments", of the Lease is amended to be and read as follows:

"The Stipulated Loss Values and Termination Values shall be increased, if necessary, so that the amount of Stipulated Loss Value or Termination Value, as applicable, under the Lease payable on any date, together with the Rent then payable, equals or exceeds the sum of the principal amount of the Notes which will remain unpaid on such date, plus accrued interest thereon, plus an amount equal to all premium, penalty and other charges imposed in connection with any prepayment of the Notes."

3. Subsection (c), "Possession and Sublease," of Section 8, "Maintenance and Operation; Insignia; Possession and Sublease; Location", of the Lease is amended by adding at the end thereof the following additional sentence:

"Anything herein contained to contrary notwithstanding, the Lessee may not grant any sublease or other right to use any Item of Equipment without the prior written consent of the Permanent Lender."

4. The last sentence of Section 18, "Notices," of the Lease is amended by deleting the word "or" preceding clause (v)

thereof, changing the period at the end thereof to a comma, and adding at the end thereof the following additional language:

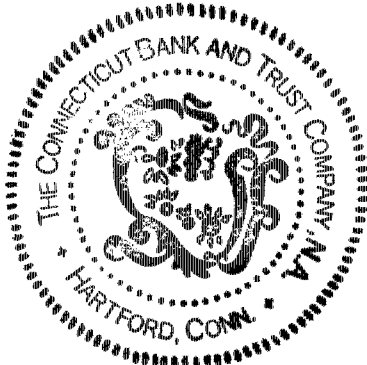
"or (vi) if to the Permanent Lender, to its address provided for in the Subsequent Participation Agreement, or at such other address as the Permanent Lender shall from time to time designate in writing to Lessor and Lessee."

5. A. This Equipment Lease Agreement Amendment and Supplement No. 1 may be executed in any number of counterparts, each counterpart constituting an original but all together one and the same instrument and contract; provided, however, that to the extent that the Lease, as supplemented and amended hereby, constitutes chattel paper (as such term is defined in the Uniform Commercial Code), no security interest in the Lease, as supplemented and amended hereby, may be created through the transfer or possession of any counterpart hereof other than the counterpart of this Agreement bearing the notation "Counterpart No. 1" which counterpart shall constitute the only "original" of the Lease for purposes of the Uniform Commercial Code.

B. The headings preceding the various sections hereof are for convenience of reference only and shall not be deemed to affect the meaning or construction hereof.

C. This Equipment Lease Agreement Amendment and Supplement No. 1 shall be construed in connection with and as part of the Lease, and all terms, conditions and covenants contained in the Lease, except as herein modified, shall be and remain in full force and effect.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Equipment Lease Agreement Amendment and Supplement No. 1 to be duly executed as of the day and year first above written and to be delivered in the State of Indiana.



(Corporate Seal)

THE CONNECTICUT BANK AND TRUST
COMPANY, NATIONAL ASSOCIATION,
as Trustee of Hoosier Energy
Trust No. 81-1

By: 

Its: Asst. Vice President

HOOSIER ENERGY RURAL ELECTRIC
COOPERATIVE, INC.,

By: 

Its: Division Mgr. Finance & Credit


(Corporate Seal)

STATE OF **CONNECTICUT**

COUNTY OF **HARTFORD**) SS
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BEFORE ME, the undersigned authority, on this day personally appeared MASON M. LEMONT, a Asst. Vice President of THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said corporation, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 12th day of June, 1986.


Earla Mae Sheppard
Notary Public

EARLA MAE SHEPPARD
NOTARY PUBLIC
MY COMMISSION EXPIRES MARCH 31, 1989

(Seal)

STATE OF Indiana)
) SS
COUNTY OF Marion)

BEFORE ME, the undersigned authority, on this day personally appeared Thomas L. Bernardi, a manager of HOOSIER ENERGY RURAL ELECTRIC COOPERATIVE, INC., known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said corporation, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 13th day of June, 1986.

Reed M. Collins
Notary Public

(Seal)